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SUBJECT: DEVELOPING AND GOVERNING BIHAR: FORGING A WINNING COALITION
TO REMAIN IN POWER

REF: KOLKATA 132

1. (SBU) Summary: Bihar's Chief Minister Nitish Kumar has made visible strides in developing and governing India's third largest state, and also one of its poorest, since forming the Bihar government in 2005. The national parliamentary elections in May 2009 confirmed the inroads his regional party, Janata Dal (United), has made through targeted affirmative action for socio-economic minorities in the lower caste political base of the state opposition parties, Rashtriya Janata Dal (RJD) and Lok Janshakti Party (LJP). While Kumar's strategy of wooing backward castes through targeted outreach and assistance may backfire, at this time it appears that JD(U) will remain in government in the 2010 Bihar state assembly polls. It remains to be seen whether its tactical alliance with the national party Bharatiya Janata Party (BJP) holds or if the regional party chooses another coalition party or decides to fight the elections alone. In the meantime, Kumar-led Bihar appears to be a reliable partner for development assistance or private sector infrastructure investment, particularly in the road and bridge sectors.

Dynamic Governance - The Difference one Kumar Makes

2. (U) Post visits to Bihar, including a recent September PolOFF trip, have confirmed both the actual and perceived improvements in state governance, development and security. Chief Minister Nitish Kumar has made a breakthrough in the state previously known, particularly under the 15 years of Lalu Prasad Yadav's RJD rule, for criminalized politics, lack of infrastructure and development, high corruption levels and a non-performing bureaucracy. When visiting the state, it is difficult to miss the recently completed road and bridge projects, improved civic amenities, expansion of higher education institutions, along with the more general observation that it is safe, once again, to travel throughout the state. Bihar's development expenditure, with priority on infrastructure and social sector, increased 80 percent from 2003-04 (USD 3.31 billion) to 2008-09 (USD 5.99 billion). The World Bank, Asian Development Bank and United Nations Development Program are developing Bihar through flood management, highway construction and livelihood projects. State bureaucrats have shared what appears to be Kumar's strategy of first getting the infrastructure right (roads, power and security) in order to be able to recruit private sector investments in agriculture and light industry during a second term. There has, under the strong leadership of Bihar civil servant Pratyaya Amrit, the current secretary for road construction and previous secretary for bridge construction, already been significant public-private partnership in these two

sectors.

Political and Economic Affirmative Action for Socio-economic Minorities

¶3. (SBU) Kumar's JD(U) has made inroads into RJD and LJP's traditional political base through affirmative action programs designed for minorities and backward classes. The government has launched a USD 825 million five-year economic development program for socio-economically poor "extreme backward" castes. In addition to the economic development measures, it has set aside seats in local elected bodies for women (50 percent), "extreme backwards" (20 percent) and scheduled castes (16 percent) leaving little seats remaining for the upper caste Indian male. A senior JD(U) parliamentarian, Shivanand Tiwari, confirmed that these measures are designed to win over those backward sections that had earlier voted en bloc for the RJD or the LJP. State RJD President A.B. Siddiqui and LJP leader Paras Paswan agreed that the JD(U) is dividing backward and scheduled castes for electoral gains, and not for the altruistic reasons of development or the elimination of caste politics. Siddiqui and Paswan see Kumar's measures as contributing to the perpetuation of Bihar's caste-dominated society.

JD(U) Drives NDA Politics in Bihar

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¶4. (U) The national opposition parties dominate the political landscape in Bihar, leaving little space for the Congress or its allies. In Bihar, while the BJP may be the largest party in the National Democratic Alliance (NDA), the regional party JD(U) calls the shots. In 2005 the JD(U) and BJP won 148 of the 243 seats in the state assembly. In 2009 the NDA, helped by infighting within the United Progressive Alliance, won 31 of the 40 parliamentary seats (See Reftel). In September the NDA suffered a small setback in by-elections to the state assembly, when the primary state opposition parties RJD, LJP and Congress won 10 constituencies, and the ruling JD (U) and BJP six. The Bihar state assembly polls are scheduled sometime before fall ¶2010.

Comment

¶5. (SBU) In Bihar, it appears that regional parties will continue to dominate state politics. Nitish Kumar's JD(U) is strong and will likely return to power; however, post cannot completely disregard Yadav's RJD as a political player. On the other hand, Ram Lilas Paswan and his regional party, the LJP, is considered to be political less significant post-2009 parliamentary polls and he is even derogatorily referred to as Yadav's political "spare tire". The JD(U) - BJP tie-up appears to be entirely tactical, as opposed to ideological. At this time, there is no indication that it is likely to break, however, there is no compelling reason for it to continue either. In 2010 the JD(U) may find another coalition partner or decide to go it alone, emulating Naveen Patnaik's ruling Biju Janata Dal in Orissa. Nitish Kumar is delivering and transforming Bihar and his government may be a reliable partner for USG development assistance or private sector investment in infrastructure, particularly in roads and bridges.
PAYNE